HALIFAX-DARTMOUTH
PORT DEVELOPMENT COMMISSION

ANNUAL REPORT FOR THE YEAR ENDING
MARCH 31, 1991

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1. CHAIRMAN'S MESSAGE

During 1990, in spite of the recession and increasing competition, the total tonnage handled through the port was one-half million tonnes higher than last year, with container traffic, which represents approximately 60% of port generated revenues, up by 0.35 million tonnes.

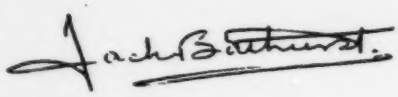
The container shipping industry is in a very volatile state. Over capacity is causing shipping lines to rationalize their route structures and consolidate their services. This, coupled with new technologies and operating conditions of U.S. railroads means that the Halifax Gateway is facing extremely fierce competition. This has been materially increased by the newly instituted rail services between U.S. East coast ports and Central Canada - the vital market area for the Port of Halifax.

The Commission has been very active in addressing these problems and has sought the assistance of the Federal government on resolving these issues. It was also instrumental in bringing together the various interested parties to improve operational efficiency on the rail corridor to Central Canada and get double stack cars introduced. The Commission will be continuing these extremely important activities during the coming year and hopefully the Federal government and others will react to its efforts in a timely, positive and constructive manner.

With the whole hearted support and co-operation of all parties providing the operational services, as well as the rail and inland transport services to the port, the Commission feels that the future prosperity of the Halifax Gateway can be assured.

This in its turn will have a very positive and significant impact on the socio-economic future of the Atlantic region generally and of Nova Scotia in particular.

Respectfully submitted,



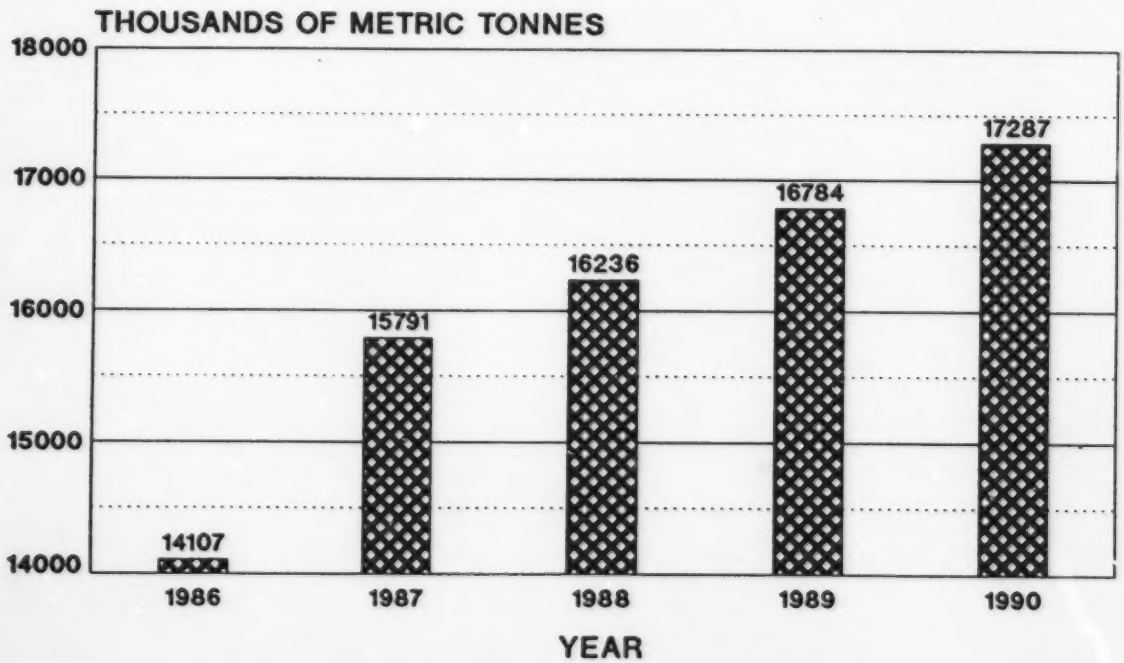
Jack Bathurst, O.B.E., F.C.I.T.
Chairman

2. PORT PERFORMANCE REVIEW

The Port of Halifax surpassed its record cargo volumes set in 1989. During 1990, 17.287 million tonnes of cargo moved through the Port. Increases were registered in Crude Oil, Refined Oil, Gypsum and RoRo and containerized cargoes.

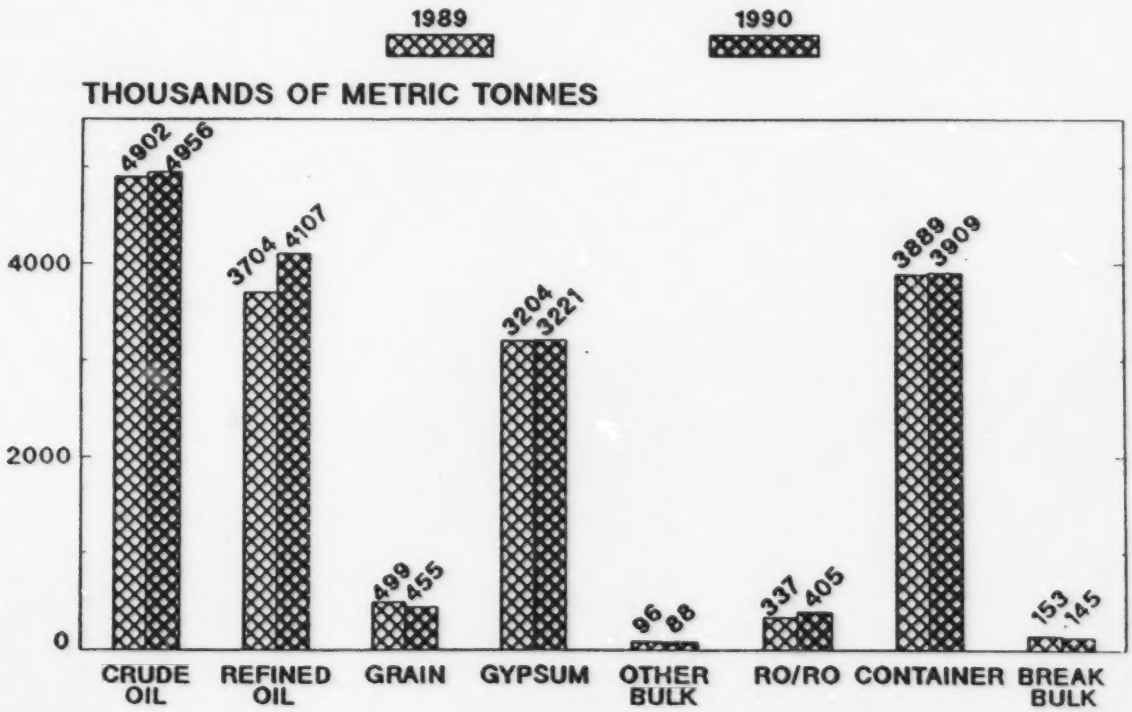
FIGURE 1

PORT OF HALIFAX - TOTAL CARGO 1986-90



CARGO BY MAJOR CATEGORY

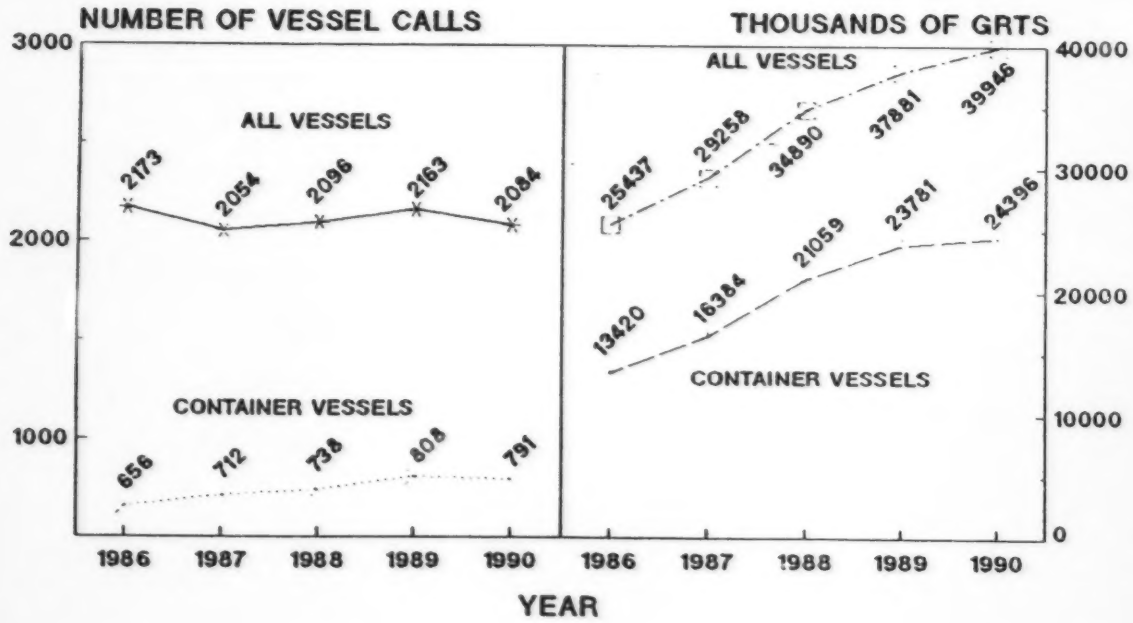
FIGURE 2
PORT OF HALIFAX - CARGO BY MAJOR CATEGORY



VESSEL CALLS

During 1990, the Port recorded 2084 vessel calls. Total gross registered tons (GRT) of vessels moving through the port in 1990 was 39,946,000 compared to 37,881,000 in 1989.

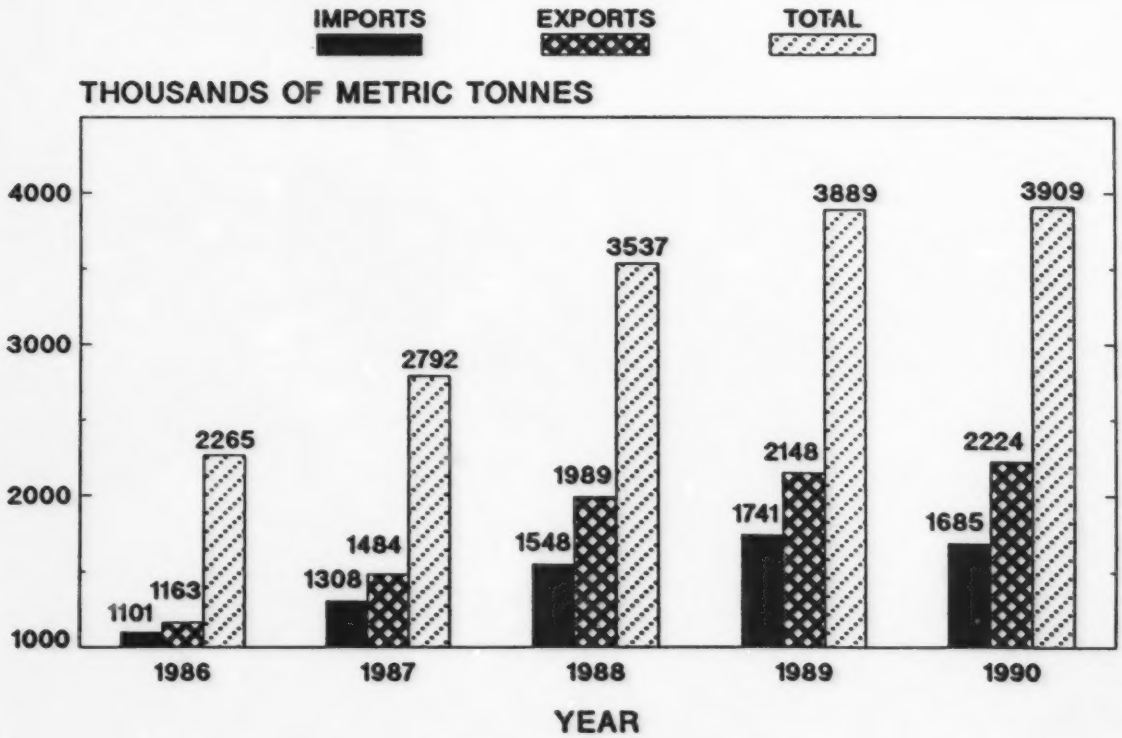
FIGURE 3
PORT OF HALIFAX - VESSEL CALLS 1986-90



CONTAINER TRAFFIC

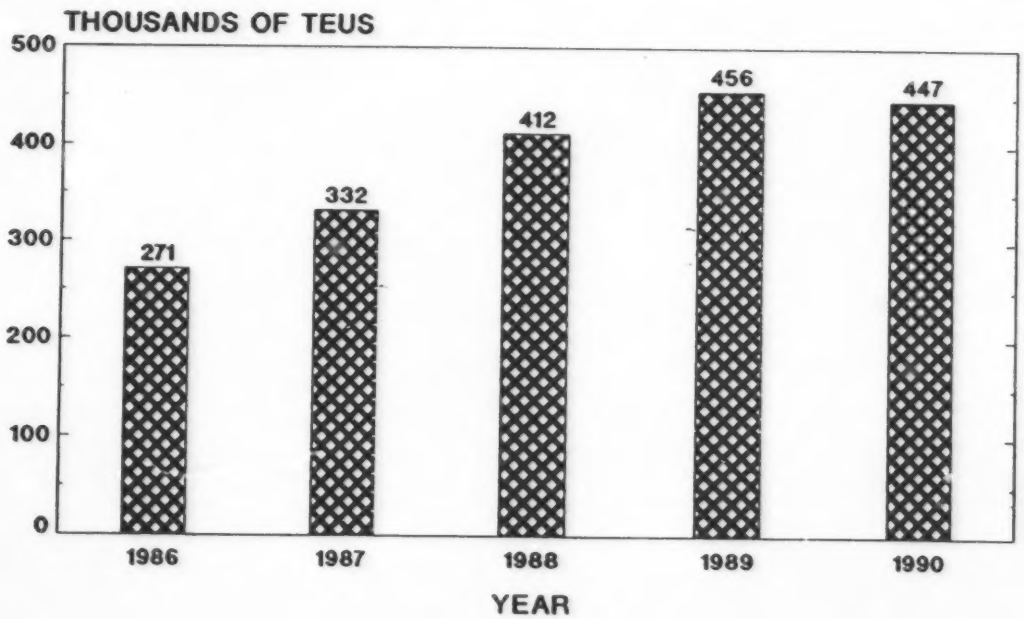
In 1990, the Port handled a record volume of containerized cargo, totalling 3.909 million tonnes representing an increase over 1989. Exports increased from 2.148 million tonnes to 2.224 million tonnes. The Port of Halifax handles more containerized cargo of Canadian origin and destination than any other port.

FIGURE 4
PORT OF HALIFAX - CONTAINER CARGO 1986-90



CONTAINER VOLUMES 1986 - 1990

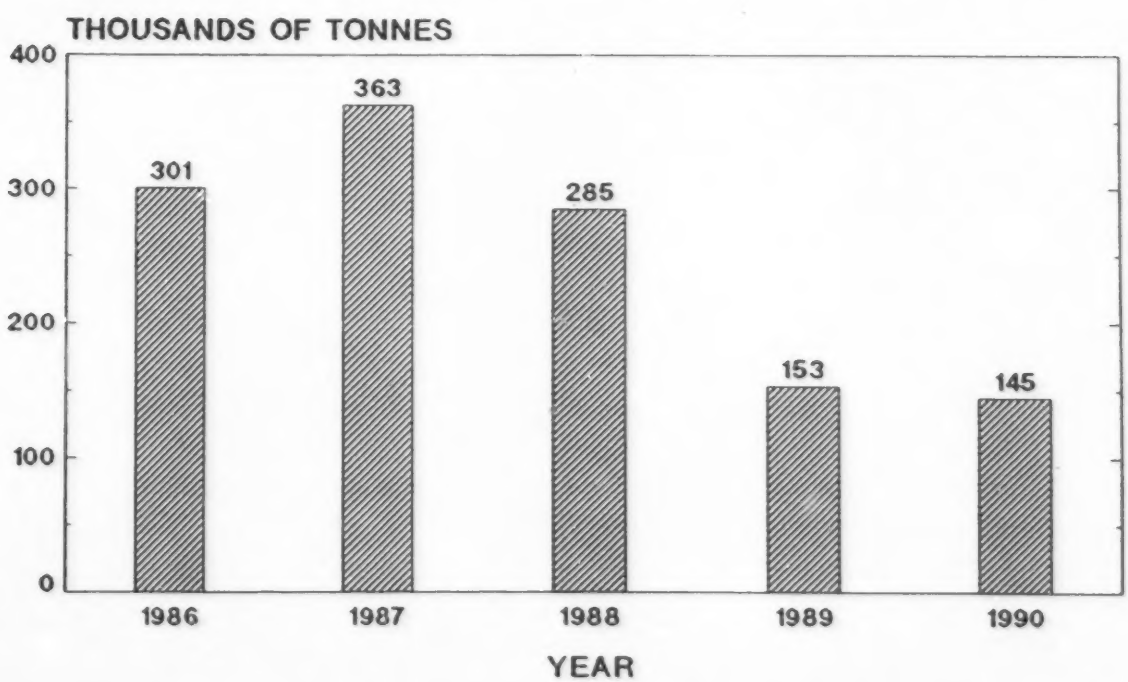
FIGURE 5
PORT OF HALIFAX - CONTAINER VOLUME 1986-90



BREAK-BULK GENERAL CARGO

Break-bulk cargo registered 145,000 tonnes in 1990, down by 5% compared to 1989.

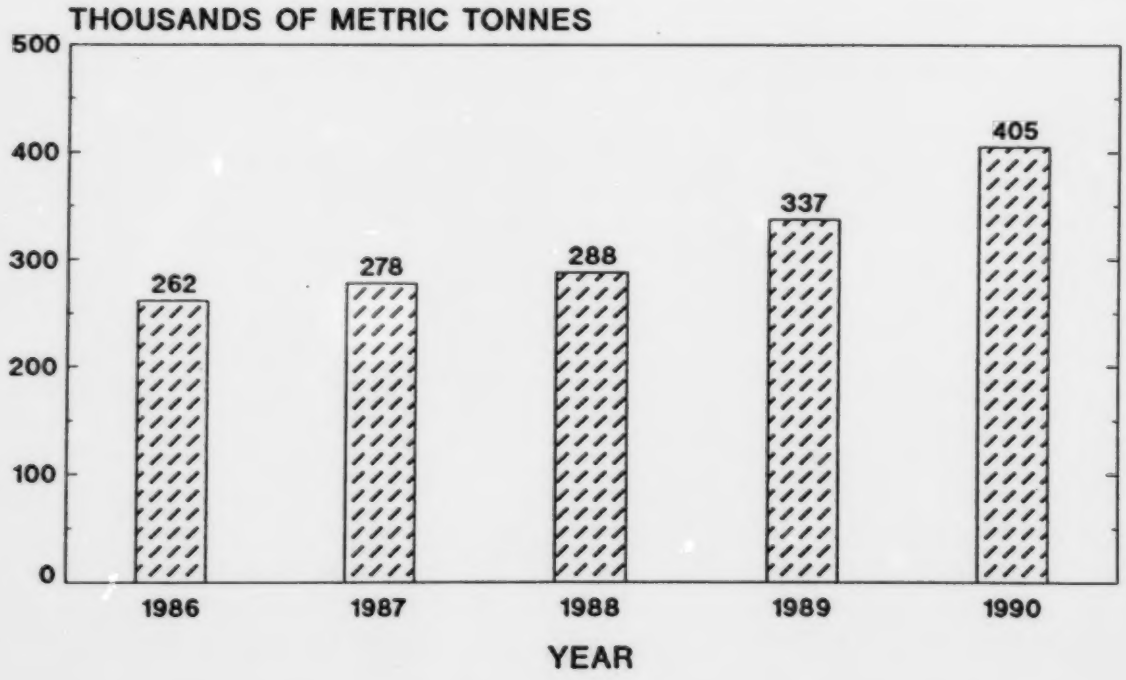
FIGURE 6
PORT OF HALIFAX - BREAKBULK CARGO 1986-90



ROLL ON / ROLL OFF CARGO

Total roll on / roll off cargo increased by 20% from 337,000 tonnes in 1989 to 405,000 tonnes in 1990 which includes vehicles handled at Autoport.

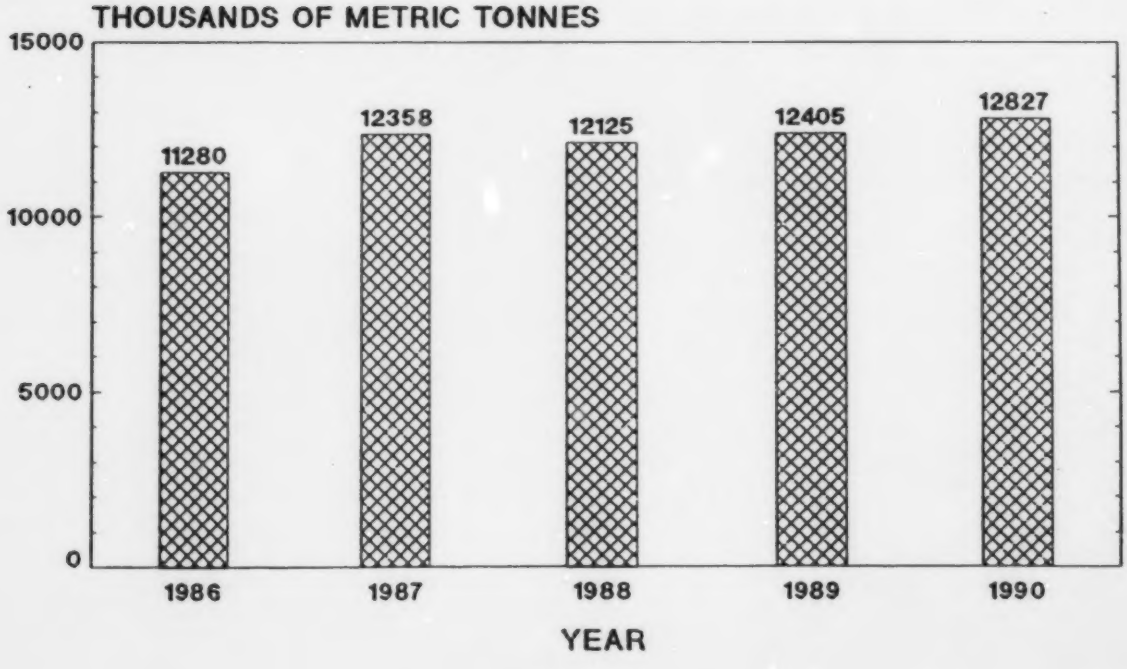
FIGURE 7
PORT OF HALIFAX - RO/RO CARGO 1986-90



BULK CARGO

Total bulk cargo increased from 12.405 million tonnes in 1989 to 12.827 million tonnes in 1990.

FIGURE 8
PORT OF HALIFAX - BULK CARGO 1986-90

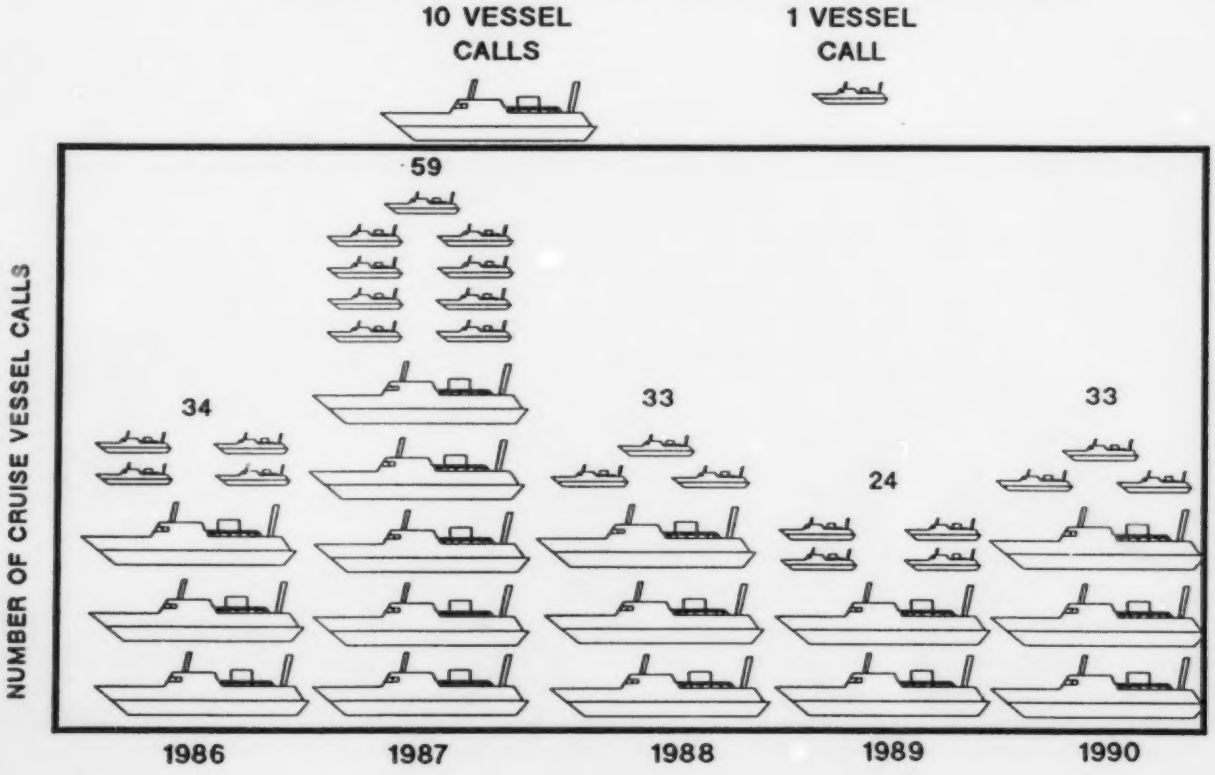


CRUISE SHIPS

The number of Cruise Ships which called at the Port during 1990 totalled 33, up from 24 calls in 1989.

FIGURE 9

CRUISE VESSEL CALLS 1984-1990



PORT INFRASTRUCTURE

Cerescorp Inc., operator of the Fairview Cove Container terminal, took delivery of its third gantry crane in August 1990. In addition, two transtainers and five yard tractors were purchased for a total investment of $10 million in new capital equipment.

Halterm Ltd., operator of Piers "B" and "C", have on order a fourth gantry crane, two transtainers and four yard tractors, at a total cost of $13 million. The gantry crane will be operational by June 1991 and will serve both Piers "B" and "C". A $1.2 million gantry rail installation, which was cost shared by Halterm and the Port Corporation, will allow the crane to travel between the piers.

Capital projects carried out in 1990 by the Port Corporation amounted to $2.26 million. These expenditures related to the final re-development of Pier "B" and initial work on redeveloping Pier 9 at Richmond Terminals.

3. THE COMMISSION

A) OVERVIEW

The Halifax-Dartmouth Port Development Commission was incorporated under Chapter 6, Acts of 1984 by the General Assembly of Nova Scotia assented to by the Lieutenant Governor on the 11th June, 1984.

The Commission consist of twelve board members all of whom are appointed by the Governor in Council and one of whom is appointed Chairman by the Governor in Council. Board members are nominated by the City of Halifax, City of Dartmouth, Town of Bedford, the Municipality of the County of Halifax and the Province of Nova Scotia. Funding of the Commission's activities is provided by the Province of Nova Scotia, and the participating metropolitan area municipalities.

B) PORT OF HALIFAX

i) means that geographic area encompassing all waters lying northwest of a line running between Tribune Head and Hartlen Point, including all islands and lands accessing waterfronts which are at the time this Act comes into force used or which may after that time become used for commercial marine activities, and

ii) includes all marine, truck, rail and air transportation services and facilities contributing to or engaged in the movement, handling or storage of commercial goods in, on and through the seaports,

3. THE COMMISSION (Cont'd)

highways, railroads and airports and all complementary and support services associated therewith.

C) OBJECTS OF THE COMMISSION

The objects of the Commission are:

(i) to promote the use of the Port of Halifax and its facilities;

(ii) to operate in close liaison and collaboration with Halifax Port Corporation, all levels of government and government bodies, firms and individuals whose activities may in any way have a direct or indirect impact on the efficient functioning and cost effectiveness of the Port of Halifax;

(iii) to provide advice and guidance as required to all bodies referred to in clause (ii);

(iv) to develop and maintain a liaison and close working relationship with the users of the Port of Halifax facilities;

(v) to develop current information on trends in the field of transportation including shipping lines, ports, trucking, rail and air rates and charges, and on factors affecting ports in general and the Port of Halifax in particular;

(vi) to develop and maintain an information bank for data relating to the marketing of the Port of Halifax;

3. THE COMMISSION (Cont'd)

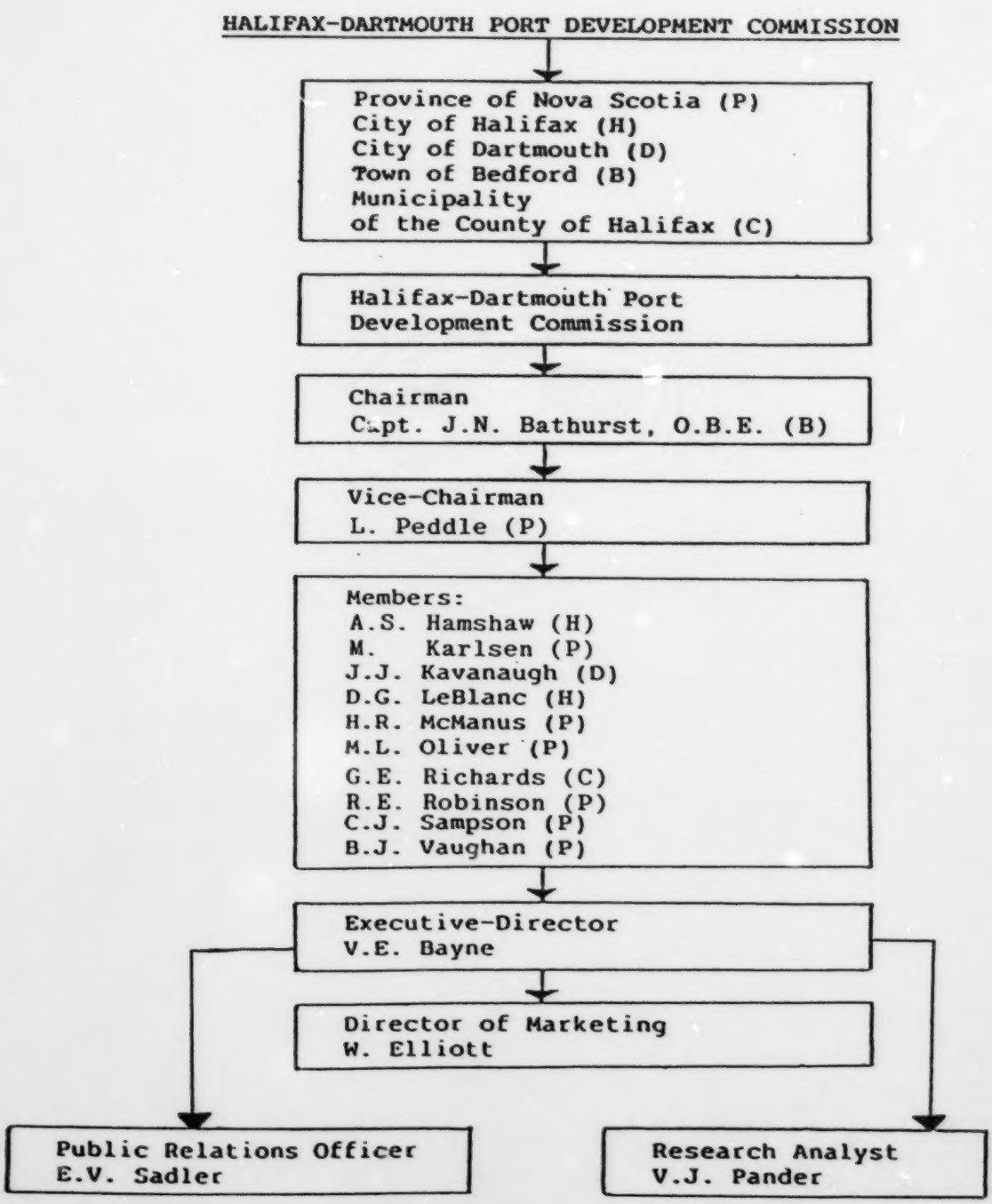
(vii) to evaluate data and to develop ideas and proposals for the development of the Port of Halifax and for enhancing the competitive position of the Port of Halifax;

(viii) to develop and maintain a current and long term marketing strategy and to execute such marketing programs;

(ix) to promote and facilitate development programs for the Port of Halifax;

3. THE COMMISSION (Cont'd)

c) Organization Chart



3. **THE COMMISSION** (Cont'd)

D) **COMMITTEE STRUCTURE**

The Commission has established three Standing Committees to divide its workload into meaningful parts:

(i) **Management Committee**

The members of the Committee are: M.L. Oliver, Chairman; L. Peddle and R.E. Robinson. The Committee works with the Executive Director in preparing budgets and reviewing financial statements, as well as developing recommendations on personnel and general administration policies.

(ii) **Development Committee**

The members of this Committee are:
J.J. Kavanaugh, Chairman; H.R. McManus, B.J. Vaughan and C.J. Sampson. The Committee works on the development of policies and programs that will protect and improve the infrastructure of the Port and its operations.

3. **THE COMMISSION** (Cont'd)

(iii) **Promotion and Marketing Committee**

The members of this Committee are: M. Karlsen, Chairman; A.S. Hamshaw; G.E. Richards and D.G. LeBlanc. The Committee works on the development of policies and programs that will effectively promote and market the facilities of the Port.

(iv) The above Standing Committees meet when necessary and bring recommendations to the Board of the Commission. The Commission has at least ten regular meetings a year.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS

(A) MARKETING

During 1990, the Commission participated in a wide range of promotional and research activities in carrying out its mandate. Some of these activities are listed below:

1) Direct solicitation of shipping lines and steamship agents in Montreal, Toronto, New York, Europe and the Far East: This involved calls on senior representatives of both existing and potential Port customers to detail the advantages of routing cargo over the Port of Halifax vis-a-vis competing ports. Marketing the Port as a highly competitive gateway for container traffic is a primary thrust of the Commission's marketing strategy because of the significant economic impact generated by this portion of Port traffic. 1990 marked the fifth consecutive record year for container traffic handled at the Port of Halifax. Since 1985 the Port has doubled its container traffic and now handles more Canadian originating and destined container traffic than any other port. With over 30 container line services the Port of Halifax offers more sailings on more trade routes than any other port in Canada.

The Port's growth was restricted in 1990 however, by the recession in the Canadian economy and an increasingly competitive environment fuelled by overcapacity in the liner shipping industry. These problems are expected to continue through 1991.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS (Cont'd)

2) Publication of the PORT OF HALIFAX magazine which is distributed monthly to 5,500 local, national and international readers in the transportation and trade sectors.

3) Organization of Halifax Port Days '90 on September 9 and 10 which was attended by over 760 local, national and international representatives of the transportation industry.

4) The Commission hosted a spring promotional reception in Toronto for shipping lines, steamship agents and shippers in the Toronto region. Attendance was in excess of 250 people.

5) In December the Commission hosted a luncheon reception in New York for key North American shipping line executives.

6) The Commission hosted a reception aboard the Bluenose II in the spring of 1990 which was well attended by shipping executives and shippers in the New England area.

4. THE COMMISSION: ACTIVITIES AND ACHIEVEMENTS (Cont'd)

(B) PRESENTATION OF VIEWS ON VARIOUS LEGISLATIVE/POLICY ISSUES

1) The Chairman and Vice Chairman appeared on behalf of the Board before the House of Commons Standing Committee on Transport. The Commission outlined recent developments and initiatives of U.S. railways and ports which directly threaten the viability of Canadian ports and railways. Recommendations were presented to enable Canadian transportation routings to compete more effectively.

2) A paper was submitted to the Federal Department of Finance entitled "Diversion of Canada's Overseas Trade Over U.S. Ports: Countering the Threat." This submission provided specific tax and regulatory policy recommendations to help place Canadian railways and ports on a more equal footing with their counterparts in the U.S. The paper was widely circulated and received extensive support from the industry.

3) Submission to Transport Canada on its "Proposed New Cost Recovery Policy: Phase II Discussion Paper" supporting the principle of cost recovery for government provided navigational services, icebreaking and dredging, which would serve to equalize the competitive positions of Atlantic vs. St. Lawrence River ports.

4) Objection filed with the National Transportation Agency regarding a tariff proposal by the Atlantic Pilotage

Authority which would raise pilotage rates at the Port of Halifax and increase the cross-subsidization burden carried by the Port for losses incurred at other ports. The tariff increase was subsequently disallowed by the Agency.

5) Submission to the National Transportation Agency of Canada on the third annual review of the National Transportation Act, focussing on the stricter regulatory conditions for Canadian transportation modes vs American modes, which have hampered their ability to compete in a deregulated environment.

6) The Chairman and Vice Chairman appeared before the House of Commons Legislative Committee on the impact of the "At and East" subsidy on grain and flour that was eliminated in the 1989 Federal Budget. The Commission recommended the establishment of unit trains that would transport grain directly from western Canada to the Port of Halifax. The Commission then participated as a member of the Steering Committee on the Grains 2000 Atlantic Elevators Study. This study was commissioned by Agriculture Canada in response to the termination of the "At and East" subsidy.

7) In addition to the formal briefs, submissions and presentations on various policy and legislative issues, the Commission has communicated with the Federal Government on such issues as: elimination of tariffs on foreign cruise vessels over the 100 berth size; the proposal for year-round ferry service between North

Sydney and Argentia; ACE shipping line complaint into rates charged by CN to Newfoundland; Agriculture Canada's labelling process for fumigants; and the second round of accelerated tariff reductions under the Canada - U.S. Free Trade Agreement.

8) Representations were made at the provincial government level to the Nova Scotia Department of Industry, Trade and Technology on its study: "A Strategic Analysis of Nova Scotia's Trade Facilities and Services," and Voluntary Planning's Consultation Paper for a Nova Scotia Economic Strategy entitled "Our Province, Our Future, Our Choice."

9) Submission to the Halifax Harbour Cleanup Inc., objecting to the Halifax Railyards site as a proposed location for the Halifax sewage treatment plant. A site at McNab's Island was subsequently chosen.

10) The Commission convened a meeting of interested parties (Canadian National, Industry, Trade and Technology, Transportation & Communications, Atlantic Canada Opportunities Agency and the Halifax Port Corporation) to initiate action and expedite the introduction of double stack rail cars on the Montreal - Toronto - Halifax rail corridor.

C) RESEARCH ACTIVITIES

The Commission conducts a variety of statistical (trade

and transportation) research to enable it to monitor and initiate action on various port related promotional and operational matters, and for the use of existing and potential port clients. In addition, a 1990 Shipper's Profile was completed that lists major exporters and importers in the Atlantic Canadian region.

D) **OTHER ACTIVITIES**

The Commission plays an active role as a member of a variety of trade and transport oriented organizations, including: Halifax Board of Trade, Halifax Shipping Association, EDIPORT Atlantic Inc., Voluntary Planning Committee, Trade Development Authority, Airport Advisory Committee, Advisory Board on Marine Transportation R&D, Canadian Transportation Research Forum and Transportation Club of Halifax-Dartmouth.